STAFF PENSION PLAN FOR EMPLOYEES OF THE SASKATCHEWAN LEGAL AID COMMISSION

FINANCIAL STATEMENTS

For the Year Ended December 31, 1999

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan.

I have audited the statement of net assets available for benefits of the Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission (Plan) as at December 31, 1999 and the statement of changes in net assets available for benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 1999 and changes in net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
March 17, 2000

G. F. Wendel, CA
Acting Provincial Auditor

Statement 1

STAFF PENSION PLAN FOR EMPLOYEES OF THE SASKATCHEWAN LEGAL AID COMMISSION
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
As at December 31

	1999	1998
Assets		
Investments (Note 3)		
Guaranteed funds	$ 2,572,015	$ 2,517,767
Pooled funds	6,960,556	5,559,526
Total assets	9,532,571	8,077,293
Liabilities		
Administrative expenses payable	20,000	4,282
Net Assets Available for Benefits (Statement 2)	$ 9,512,571	$ 8,073,011

(See accompanying notes to the financial statements)

Statement 2

STAFF PENSION PLAN FOR EMPLOYEES OF THE SASKATCHEWAN LEGAL AID COMMISSION
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For The Year Ended December 31

	1999	1998
Increase in Assets		
Investment income		
Interest	$ 140,621	$ 169,217
Current period change in market values of Pooled investments	1,139,557	309,434
Contributions		
Member's required	361,301	328,673
Member's voluntary	200	120
Employers	361,301	328,673
Total increase in assets	2,002,980	1,136,117
Decrease in Assets		
Administrative expenses (Note 4)	15,718	20,456
Transfers and refunds	547,702	458,422
Total decrease in assets	563,420	478,878
Increase in net assets	1,439,560	657,239
Net assets available for benefits at beginning of year	8,073,011	7,415,772
Net Assets Available for Benefits at end of year (Statement 1)	$ 9,512,571	$ 8,073,011

(See accompanying notes to the financial statements)

STAFF PENSION PLAN FOR EMPLOYEES OF THE SASKATCHEWAN LEGAL AID COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 1999

1. Description of Plan

The following description is in summary only. For more complete information, reference should be made to the Plan document.

a) General

The Staff Pension Plan for Employees of The Saskatchewan Legal Aid Commission (Plan) is a defined contribution plan registered under *The Pension Benefits Act, 1992* of Saskatchewan (the Act).

The Plan was established as the Staff Pension Plan for the Employees of the Saskatchewan Community Legal Services Commission on November 1, 1977. The Plan was amended and the new name created as at September 1, 1983.

b) Administration

Effective January 1, 1996, the Plan is administered and sponsored by a joint trustees arrangement. The joint trustees consist of four members, two appointed by The Saskatchewan Legal Aid Commission (Commission), and two appointed by C.U.P.E., Local 1949. Day-to-day administration is provided by the Commission for the Trustees.

Prior to January 1996, the Trustees had an agreement with the North American Life Assurance Company (NALAC) to serve as the Plan's investment agency, investment custodian, and record keeper. Effective January 1, 1996, NALAC amalgamated with the Manufacturers Life Insurance Company (Manulife Financial) and this agreement continues with Manulife Financial.

c) Contributions

All employees hired on or after January 1, 1996 contribute 5% of their earnings each year. Employees hired prior to January 1, 1996 contribute between 5% and 8% of their earnings. This amount is matched by the Commission. The Commission's contributions are vested after two years of service and all members' contributions made before 1994 are considered additional voluntary contributions. The Commission's contributions made before 1994 are considered required contributions and subject to the minimum requirements of the Act.

Member's may make additional voluntary contributions which are not matched by the Commission.

d) Retirement, termination, or death

Upon retirement from employment, termination or death, a member's pension benefits, subject to vesting status, may be transferred from the Plan and Manulife Financial to another financial institution.

2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policy is considered significant:

Investments:

Investments in Guaranteed funds are valued at cost plus interest earned on the funds which approximates market value.

Investments in Pooled funds are recorded at market value which are determined by reference to closing year end unit prices. Current period changes in value of Pooled funds are accounted for in the Statement of Changes in Net Assets Available For Benefits.

For investments held, fair value approximates quoted market values.

3. Investments

The Plan allows participating members to invest in either the Guaranteed or Pooled funds. These funds offer a choice of different levels of income and growth, guarantees and risk taking.

The members' interest rate risk arises from the potential adverse consequences of interest rate changes on the value of the Plan's assets.

The members' credit risk for Guaranteed funds is minimal as all investments consist of Guaranteed Investment Certificates (GIC's). For Pooled funds, the Trustee's Statement of Investment Policy and Goals[1] limits members' credit risk by requiring investment dealings to be with investees and counterparts considered to be of high quality and by setting the following investment limits and constraints:

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[1]The Trustee's Statement of Investment Policy and Goals is in accordance with *The Pension Benefits Act*, 1992.

- limiting the amount invested in individual equities to 10% of the outstanding shares of an issuing corporation;

- limiting the amount invested in individual bonds of any one corporation to not more than 10% of the book value of the issued bonds;

- permitting no investments in venture capital funds; and

- permitting no speculation in derivative instruments such as options, futures and warrants.

Guaranteed funds: The Guaranteed funds offered by the Plan are managed by Manulife Financial. These funds are made up of a current interest bearing account and GIC's from 1 to 10 years in length.

Pooled funds: The Pooled funds are managed by various investment managers under contract with Manulife Financial. The Funds have no fixed interest rate and the Pooled funds return are based on the performance of the funds. These funds include investment in the following Manulife Financial Funds at December 31, 1999:

Seamark Diversified Growth Fund: This fund invests in cash and short-term investments, Canadian fixed income securities excluding mortgage loans, Canadian and foreign common stocks and convertible securities, and American depository receipts.

Canadian Equity Index Fund: This fund is managed to provide a rate of return based on the performance of the TSE 300 Index. It invests in common stocks and may use derivative instruments such as futures.

AGF American Growth Fund: Primary investments are in securities of established American companies whose net income is considered likely to grow at above average rates in the future.

Seamark International Equity Fund: This fund invests in cash and short-term investments and publicly traded common stocks and convertible securities of companies in Europe, Australia, New Zealand, Asia and emerging economies.

McLean Budden Canadian Equity Fund: This fund invests in Canadian stocks and convertible securities.

McLean Budden Registered Balanced Fund: This fund invests in Canadian and U.S. equities and fixed income securities issued by Canadian

governments and corporations.

Elliot & Page Money Fund: This fund invests in high quality, short-term fixed income securities maturing within 365 days of acquisition, including securities issued or guaranteed by Canadian federal or provincial governments or their agencies, Canadian chartered banks, or loan or trust companies licensed or registered in Canada.

McLean Budden Fixed Income Fund: This fund invests in high quality Canadian debt securities such as bonds, debentures and T-Bills.

Investments at December 31	Market Value	
	1999	1998
Guaranteed funds:		
Current Interest Deposit Account	$ 125,707	$ 4,750
1 Year Term	171,509	151,833
2 Year Term	28,352	---
3 Year Term	93,221	131,574
5 Year Term	2,151,510	2,229,610
10 Year Term	1,716	---
	2,572,015	2,517,767
Pooled funds:		
Seamark Diversified Growth Fund	2,133,513	---
Elliot & Page Balanced Fund	---	2,106,106
Canadian Equity Index Fund	1,533,388	---
McLean Budden Equity Growth Fund	---	1,427,974
AGF American Growth Fund	1,096,027	---
Goldman Sachs U.S. Equity Fund	---	299,449
Seamark International Equity Fund	659,656	---
International Foreign Equity Fund	---	234,218
McLean Budden Canadian Equity Fund	647,806	---
McLean Budden Canadian Equity Growth Fund	---	730,351
McLean Budden Registered Balanced Fund	422,072	---
McLean Budden Balanced Growth Fund	---	481,428
Elliot & Page Money Fund	284,012	---
Elliot & Page Canadian Money Market Fund	---	83,793
McLean Budden Fixed Income Fund	184,082	---
Elliot & Page Canadian Bond Fund	---	196,207
	6,960,556	5,559,526
Total investments	$ 9,532,571	$ 8,077,293

4. Administration Expenses

The annual operating expenditures associated with the Plan's administration are borne by the Plan, except for day-to-day administrative costs (Note 5). The Plan may be charged with investment agency, investment advisor, fund custodian, consulting fees, and with any expenses in respect of the Plan reasonably and properly incurred by the Trustees in the administration and operation of the Plan. These expenses are initially paid by the Commission and are subsequently refunded by the Plan.

Any forfeited amounts which arise shall be applied towards the payment of any fees and expenses incurred by the plan.

The expenses incurred by the plan are as follows:

	1999	1998
Consulting fees	$ 14,342	$ 23,980
Insurance	2,355	2,355
Registration fees	685	680
Miscellaneous	96	27
	17,478	27,042
Forfeited amounts	(1,760)	(6,586)
	$ 15,718	$ 20,456

5. Related Party Transactions

Transactions with the Commission (a related party) and amounts due to or from it are described separately in these financial statements and the notes thereto.

The day-to-day administration provided by the Commission and Trustees are provided without charge to the plan.

6. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 issue that may affect the entity, including those related to members, suppliers, or other third parties have been fully resolved.

7. Investment performance

The investment manager makes day to day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives. The Trustees review the investment performance of the plan in terms of the performance of benchmark portfolio over 4 year rolling periods. The primary long-term investment performance objective for the entire portfolio is to out perform a benchmark portfolio.

Each member makes the investment selection of the member and Commission contributions. The Plan allows participating members to invest in either Guaranteed or Pooled funds. These funds offer a choice of different levels of income and growth, guarantees and risk taking.

The following is a summary of the Plan's investment performance at December 31, 1999:

	Actual Rate of Return 1999 (a)	**One Year Average Investment Objective Return (b)**	**Rolling Four Year Average Rate of Return (b)**	**Rolling Four Year Average Investment Objective Return (b)**	**Investment Objectives**
GICs Current 1 year 2 year 3 year 5 year 10 year	Range during the year: 1.125% to 1.5% 3.975% to 5.375% 4.375% to 5.625% 4.225% to 5.875% 4.6% to 6.0% 5.0% to 6.125%	 2.952% to 3.897% 3.762% to 4.932%	Not applicable	Not applicable	90% of the average guaranteed rate of return offered by a group of 5 financial institutions for the same period
Manulife Seamark Diversified Growth Fund	16.6%	14.0%	12.4%	14.6%	107.25% of the return on the benchmark portfolio
Manulife Canadian Equity Index Fund	30.8%	31.7%	16.2%	17.6%	100% of the return on the TSE 300 Index
Manulife AGF American Growth Fund	23.6%	14.1%	32.6%	31.1%	110% of the return on the S & P 500 Index
Manulife Seamark International Equity Fund	41.0%	19.8%	28.5%	16.5%	110% of the return on the MSCI/EAFE Index
Manulife McLean Budden Canadian Equity Fund	26.0%	31.7%	18.0%	19.4%	110% of the return on the TSE 300 Index
Manulife McLean Budden Registered Balanced Fund	13.4%	14.0%	13.5%	14.6%	107.25% of the return on the benchmark portfolio
Manulife Elliot & Page Money Fund	4.3%	4.7%	4.2%	4.3%	100% of the return on the Scotia McLeod 91 days T-Bills Index

Manulife McLean Budden Fixed Income Fund	-2.2%	0.9%	6.8%	8.3%	105% of the return on the Scotia McLeod Universe Bond Index

a) The annual returns are before deducting investment expenses. Source: Manulife Financial
b) Source: Aon Consulting Inc.